

## Department of Transportation

1. As the Director of MDOT, what are your long-term financial planning goals for the state Transportation budget?
2. While transportation-related revenues remain relatively constant, the transportation program continues to grow. What type of innovative financing tools would you recommend to successfully implement a state transportation program (examples include creating toll roads, issuing bonds, taxing alternative fuels, eliminating interdepartmental transfers, etc.)?
3. MDOT was one of the state departments that lost a large number of employees due to the early retirement program. As the Director of MDOT, how will you address the increased workload requirements for the existing MDOT personnel? How will you ensure that the quality of work of the existing personnel is not adversely affected by the reduced number of personnel?
4. Explain your plans (financial and otherwise) for the public transit systems in the state. How will you improve or implement public transit initiatives in urban areas? Please provide specific details on how to improve the efficiency and effectiveness of state transit funding.
5. The federal highway program authorization legislation, the Transportation Equity Act for the 21st Century (TEA-21), is scheduled for reauthorization in FY 2002-03. Currently, Michigan is a donor state, which means that Michigan contributes more gas tax revenues to the federal Highway Trust Fund than are returned to the state. As the Director of MDOT, explain your plans on working with Department of Transportation representatives, industry representatives, and legislators on increasing the state's rate of return.
6. Governor Granholm states in *The Plan for Securing Michigan's Future*, that her administration will "insist on meaningful warranties from road contractors." Please define the term "meaningful" in terms of warranties for roadwork. Be specific.
7. Townships argue that they should be included in the PA 51 road funding formula. Do you agree with that position? Why or why not? If you do agree, would you actively seek to change the current formula?
8. Michigan receives most of its road funding from motor fuel taxes. Would you support a funding system that taxed alternative sources of fuel that may one day be alternatives to gasoline and diesel fuel?
9. What is your perspective on the current statutory formula for distributing road funding (after the statutory deductions are "taken off the top," the current formula distributes 39.1 percent to the state, 39.1 percent to the county road commissions, and 21.8 percent to cities and villages)?
10. As Director, would you support the elimination of the transfer of funds from the Michigan Transportation Fund, the State Trunkline Fund and the Comprehensive Transportation Fund to other state departments?
11. Should the Detroit bus system be merged with SMART into a single regional system? What are your views on regional transportation issues facing southeast Michigan?

12. Given the Governor's new executive orders regarding conflict of interest, how do you plan to conduct yourself as Director of MDOT in situations involving your most recent employer? If you plan to recuse yourself from decisions involving your previous employer, to whom are you delegating decision-making authority?
13. A recently-released study ranks Michigan first in the country for having major bridges with structural deficiencies and fifth for having major roads in poor condition. When the Governor announced your selection as her MDOT director, you were quoted as saying that "... my priorities are to capture more federal funds and then do a good job of spending that money effectively." Please outline specifically how those two priorities will help you in solving our infrastructure problem?

1. As the Director of the Michigan Department of Transportation (MDOT), what are your long-term financial planning goals for the state Transportation budget?

- **Work cooperatively with allied states to assure a secure, continuous source of federal trust fund and the Federal budget for transportation for highways, transit, aviation, ports, and the locks at Sault Ste. Marie.**
- **Obtain increased federal funding as part of reauthorization of TEA-21. The goal is up to \$200,000,000 per year.**
- **Working in partnership with other entities in the delivery of transportation services to the citizens of Michigan. Work to coordinate a consistent, multimodal financial statewide strategy for investment in the transportation system. This will build upon and expand the Asset Management Council concept, the metropolitan planning process and statewide planning process.**
- **Assure the ability to match federal aid, capture unexpended federal dollars made available near the end of each fiscal year.**
- **Prudently expand the use of innovative finance techniques for program and project finance (i.e. public/private ventures, bond sales, design/build, design/build/operate, design/build/maintain).**
- **Develop with MDOT Team, Civil Service and the Department of Management and Budget (DMB) a pilot program for Michigan to effectively structure its overhead to be consistent with the needs of a professional transportation delivery entity's (a) workforce and associated skills for compensation and (b) mission. Arizona and Utah have initiated efforts to improve their stewardship of their state funds. This is being done by using a business model in which activities and related costs which are not directly contributing to the mission of the department of transportation and the focuses on seeking methods to manage these costs more aggressively. In the private sector high overhead costs make firms less competitive. Increase flexibility of federal funds to focus investment on needs rather than satisfaction of a federal category requirement.**
- **Increase efficiency of statewide transit funding to support local transit capital and operational funding.**
- **Strategic focus for investment of federal and state aviation funds to support passenger and freight service.**
- **Strategic investments in rail passenger and rail freight operations to assist Michigan operated services in leveraging their position in their market.**

2. While transportation-related revenues remain relatively constant, the transportation program continues to grow. What type of innovative financing tools would you recommend to successfully implement a state transportation program (examples include creating toll roads, issuing bonds, taxing alternative fuels, eliminating interdepartmental transfers, etc.)?

- **Prudent use of bonds for major road and transit projects (preservation first, improvements for capacity and support of economic activity).**
- **Effective use of research demonstration opportunities for pavement, structures and transit to advance projects and programs.**
- **Work cooperatively with the Governor, Secretary of State and the State Police to maximize the effectiveness and minimize the use of state trunkline funds to support transportation related activities.**
  - i. **Focusing on methods of performance and delivery of services.**
  - ii. **Elements of the activity which relate to the mission of MDOT.**
- **Use of public/private partnerships for aviation, rail, public transit, ports (air and water) to facilitate capital facility developments.**
- **Review opportunities for MDOT developed products for sale to other public and private entities. Also review MDOT services for use by transportation organizations. MDOT, in partnership with Info Tech, developed Field Manager, a software package to provide on-site project management tools for MDOT inspectors. It provides information on required materials, quantities and other project requirements. It also receives input on progress and billings. It has saved MDOT 800,000 hours of labor and eliminated one person per project office. The software is in use in six other states. MDOT receives royalties on the sale of the software.**

3. MDOT was one of the state departments that lost a large number of employees due to the early retirement program. As the Director of MDOT, how will you address the increased workload requirements for the existing MDOT personnel? How will you ensure that the quality of work of the existing personnel is not adversely affected by the reduced number of personnel?
- **A strong base of expertise and experience remains within MDOT. The department has increased its focus on recruitment and training to be responsive to the rapid changes in skills needed and responsibilities for achievement of MDOT's mission. It is a workforce which has embraced Total Quality management as an operating principle.**
  - **As Director of MDOT, I would act to more effectively balance use of MDOT personnel skills and use of technology to perform many of the tasks performed by MDOT team members (i.e. computer aided design (CAD) for bridge and road, tech traffic operations analysis)**
  - **Build upon MDOT's program for aggressively recruiting high quality personnel to fill key positions.**
  - **Strong career development initiatives/programs.**
  - **Effective program of compensation and training to replace the loss of knowledge with contemporary skills and experience.**
  - **MDOT is currently using technology to continue the delivery of its mission with a smaller but smarter work force. Examples are:**
    - i. **Field Manager – Used by inspectors to manage construction site activities. Saved 800,000 labor hours and saved \$22,000,000.**
    - ii. **Construction Management Suite – An array of tools to manage overall construction program.**
    - iii. **GPS system – In use to assist survey crews. The system has provided a 40 % reduction in labor costs. AASHTO just ranked Michigan as tops in the nation in its design and utilization of this software.**

4. Explain your plans (financial or otherwise) for the public transit systems in the state. How will you improve or implement public transit initiatives in urban areas? Please provide specific details on how to improve the efficiency and effectiveness of state transit funding.
- **Capture more funds from the federal process. Goal is up to 95 percent of Michigan's contribution to the Mass Transit account.**
  - **Focus on performance outcomes associated with the state transit funding. How have the funds contributed to the quality of public transit in a community?**
  - **Improve use of technology to improve customer information, service coordinations, intelligent transportation system technology, vehicle locating and vehicle monitoring systems (peak, special events, unique activity centers)**
  - **Improve service needs (use of MDOT's volume purchase to manage capital cost for the acquisition of vehicles and equipment).**
  - **Improve efforts to increase access through collaboration with local transit providers and other appropriate entities for amenities such as sidewalks, shelters, information kiosks.**
  - **The passage of DARTA legislation will be a high priority. The merge of the Detroit Department of Transportation and SMART will provide the opportunity for improvement of existing service and expansion of services to better connect residents in southeast Michigan with jobs, medical care, and activity centers which contribute to a positive quality of life. The merger will provide greater effectiveness and efficiency by eliminating duplicate or overlapping services.**

5. The federal highway program authorization legislation, the Transportation Equity Act for the 21<sup>st</sup> Century (TEA-21), is scheduled for reauthorization in FY 2002-03. Currently, Michigan is a donor state, which means that Michigan contributes more gas tax revenues to the federal Highway Trust Fund than are returned to the state. As the Director of MDOT, explain your plans on working with Department of Transportation representatives, industry representatives, and legislators on increasing the state's rate of return.

- **Michigan is a member and leader among multi-donor state organizations pushing for a 95% on the dollar return of motor fuel tax contributions to the highway trust fund. As Director, I will be actively involved in meeting to advocate the guiding principles for reauthorization with:**
  - i. **members of the Michigan Congressional Delegation,**
  - ii. **members and subcommittee chairs of the House Transportation and Infrastructure Committee, the Senate Committees on Environment and Public, Banking and Commerce Committees.**
- **Earmark projects will be recommended to delegation supporting the five year program and the Governor's Fix it First initiative.**
  - i. **Educate the other organizations including the industry, metropolitan planning organizations, and transit agencies.**
  - ii. **Work with the Governor's Washington DC office on transportation issues.**
- **Support Governor Granholm leadership in National Governor's Association's transportation initiatives.**

6. Governor Granholm states in The Plan for Securing Michigan's Future, that her administration will "insist on meaningful warranties from road contractors." Please define the term "meaningful" in terms of warranties for roadwork. Be specific.

**A warranty strategy needs to be developed which is the result of a collaborative effort involving MDOT, the Legislature, the contractor community, the consulting engineers community and appropriate labor organizations. This strategy will define not only what is "meaningful" but also:**

- **Roles and responsibilities for the parties involved;**
- **Performance measures, monitoring methodologies, ongoing research needs, legislative changes and update schedules.**



7. Townships argue that they should be included in the PA 51 road funding formula. Do you agree with that position? Why or why not? If you do agree, would you actively seek to change the current formula?

**The focus must remain on effective investment in protecting the assets of Michigan's transportation system and do so utilizing a decision process which effectively includes those who are impacted by the quality and quantity of transportation provided.**

**Townships are essential elements of counties and should have a substantive role in determining county transportation investments. I would advocate for an explicit effort to bring county and township officials together in making decisions on transportation investments.**

8. Michigan receives most of its road funding from motor fuel taxes. Would you support a funding system that taxed alternative sources of fuel that may one day be alternatives to gasoline and diesel fuel?

**As alternative fuel transportation technology is developed we should continue to implement the concept of having those who pay for use of the road system pay for its availability and maintenance. The current process is built upon this user fee concept. Alternative fuel vehicle operators should also pay for their use of the road network. A companion to the development of the new technology must be the development of options to capture payment for use of the system.**

9. What is your perspective on the current statutory formula for distributing road funding (after the statutory deductions are “taken off the top,” the current formula distributes 39.1 percent to the state, 39.1 percent to the county road commissions, and 21.8 percent to the cities and villages)?

**My perspective is the current formula, which the Legislature believed was appropriate when put in place, should not be changed until there is sufficient data to support a change in this investment structure. Change should then be driven by opportunity for greater coverage in protecting the transportation system, increasing safety, and expanding economic activity.**

**The Act 51 of 1951 formulas, initiated a half century ago, relies on jurisdictional boundaries and designated road “legal systems”.**

**It is my understanding the Department of Transportation facilitated The Transportation Funding Study Committee, created under the Michigan Public Act 308 of 1998. Committee members were chosen both from members of the Legislature (Representative Rick Johnson, Representative Tom Kelly, Senator Phil Hoffman, and Senator Joe Young) and of the business community, in areas concerned with transportation.**

**The key recommendation from this committee was to use a long term, planned asset management approach on a statewide basis for transportation facilities. Asset management legislation has been approved and the data collection process is underway. The anticipated benefits of an asset management approach to transportation facilities are:**

- An improved ability to prioritize transportation investments throughout the entire system, and to increase accountability and effectiveness.**
- A proactive step toward achieving conformity with new, federal financial reporting requirements for state and local governmental infrastructure assets.**

**In addition, implementing the Asset Management process is already helping to build a more cooperative relationship between the state, cities and counties. It will also help ensure that the transportation dollars we spend are being used most effectively. I am comfortable with the Asset Management approach the department is using, and would not propose changing the existing formula unless, through the Asset Management process, it becomes clear that our investment priorities need to be revised.**

10. As Director, would you support the elimination of the transfer of funds from the Michigan Transportation Fund, the State Trunkline Fund and the Comprehensive Transportation Fund to other state departments?

**The mission of MDOT is partially served by effective use of other state agencies in providing services to achieve MDOT's mission. The focus of the funds should be in the provision of services which support that outcome. Using a performance based approach, MDOT, the State Police and the Secretary of State should collaborate, define what actions support MDOT and maximize the delivery of these services, while minimizing the costs to deliver these services. This can be done by carefully defining the outcomes, methods to achieve outcomes and the limited resources to support these activities.**

11. Should the Detroit bus system be merged with SMART into a single regional system? What are your views on regional transportation issues facing southeast Michigan?

**Southeast Michigan needs an efficient and reliable public transit system. Such a system is absolutely essential for the quality of life and prosperity of the region. It is important that we provide safe, efficient, and reliable alternative for those who drive and those who require not-auto options. The recent efforts by local governments and transportation interests throughout Southeast Michigan to come together and create a proposal for a unified, single transit system have demonstrated that all the parties are willing to cooperate and that the time to act on this proposal is now. The DARTA legislation represented an important break through for the transportation community in metro Detroit. The passage and signing of this legislation is a top priority. I will work with the Governor, legislature, and the transportation community of southeast Michigan to have it accomplished this year.**

**Southeast Michigan has many unique transportation challenges. They have one of the most mature highway systems in the state. Southeast Michigan has a large industrial and manufacturing base, which means they have a lot of truck traffic on which their economic generators depend. The system must provide for predictable, safe and available access to and from manufacturing sites. They have an extensive international border crossing infrastructure, which is utilized for extension of manufacturing capability, to provide access to Canada and western New York. Their border crossing infrastructure also presents security challenges that must be addressed in today's post September 11 climate.**

**Southeast Michigan also has major water ports and recreational boating challenges which require investment and monitoring.**

**The manufacturing sector in southeast Michigan requires a more effective rail transport network in moving finished products and raw materials to markets and production sites throughout the U.S. The increasing dependency of business on air transport for people and product movement requires increased coordination and investment to meet the growing demand (i.e. UPS, Fed Ex package delivery through Detroit, air freight increases at Willow Run, Corporate jet service at Pontiac, intermittent efforts at passenger service through Detroit City Airport.)**

**As a transportation user and the director of the Michigan Department of Transportation, I feel that throughout the state, a focus on statewide multimodal strategy, asset management, and a collaborative planning and implementation process are vital. In southeast Michigan, many of the**

transportation problems are best addressed on an integrated regional scope. MDOT and all the local transportation agencies need to work together to create region-wide solutions. I feel that this approach will best focus the resources needed to enhance transportation in Southeast Michigan.

12. Given the Governor's new executive orders regarding conflict of interest, how do you plan to conduct yourself as Director of MDOT in situations involving your most recent employer? If you plan to recuse yourself from decisions involving your previous employer, to whom are you delegating decision-making authority?

Upon assuming my duties as Director of MDOT, I have severed my employment relationship with PB, Inc., or Parson, Brinckerhoff, Quade and Douglas (PBQD) and by April 30, 2003, my ownership interest will have been repurchased by PB, Inc., or PBQD. Until April 30, 2003, I am abstaining from any participation whatsoever on any matters involving PB, Inc., or PBQD. Any matters concerning PB, Inc./PBQD that would normally be brought to the attention of the Director of MDOT have been delegated to the attention of Chief Operations Officer Larry Tibbits. (copy of letter attached)

The following received the above mentioned correspondence:

Governor Jennifer Granholm  
The Michigan Transportation Commission  
Patrick Isom, Assistant Attorney General In-Charge  
Kirk Steudle, Deputy Director  
Larry Tibbits, Chief Operations Officer  
Leon Hank, Chief Administrative Officer  
Myron Frierson, Bureau Director, Finance and Administration  
Rob Abent, Bureau Director, Multi-Modal Transportation  
John Friend, Bureau Director, Highway Delivery  
Terry Anderson, Bureau Director, Highway Development  
Susan Mortel, Bureau Director, Bureau of Transportation Planning  
Ernie Savas, Metro Region Engineer  
Roberta Tisdale, Administrator, Office of Human Resources  
Jackie Shinn, Administrator, Office of Economic Development  
Doris Byers, Acting Administrator, Office of Governmental Affairs  
Stephanie Litaker, Acting Administrator, Office of Communications  
Doug Couto, Chief Information Officer

13. A recently-released study ranks Michigan first in the country for having major bridges with structural deficiencies and fifth for having major roads in poor condition. When the Governor announced your selection as her MDOT director, you were quoted as saying that "...my priorities are to capture more federal funds and then do a good job of spending that money effectively." Please outline specifically how those two priorities will help you in solving our infrastructure problem?

**Federal aid will remain the basis of our road improvement and reconstruction program. Rebuilding Michigan's major freeways will progress exactly as fast as federal aid is delivered to finance the majority of these projects. This is why we have no higher priority than increasing Michigan's share of the federal-aid highway program, to the point where we recover at least 95 per cent of the share of fuel taxes that Michigan drivers pay. Then we will make the best use of those federal dollars, ensuring they are spent to achieve the maximum benefit.**

**This is achieved by the use of the Asset Management process, the collaboration with all members of the transportation community, and the legislature, in establishing a long range transportation plan and short term integrated programs for the various modes. Also, the establishment of a citizen access system of information on what is happening now and for receiving citizen input regarding their needs.**

**Transportation is not a 1,000 piece 3D puzzle which can be finally assembled but a continually evolving element where improvement is seen but also in which new opportunities are emerging.**